It's TIME to VOTE!

It's time to cast your vote for the 6th Annual Project Spotlight WINNERS! We will be rewarding the TOP 3 charitable organizations in EACH of our 11 communities in which we have a physical branch location.

Where can I vote? Visit our website - *beaconcu.org* or any branch location to VOTE! A full list of nominated charitable organizations and descriptions for each of our 11 communities -- you choose your favorite organization and cast your vote.

How many times can I vote?
You can cast your vote daily either online OR in one of our physical branch locations.

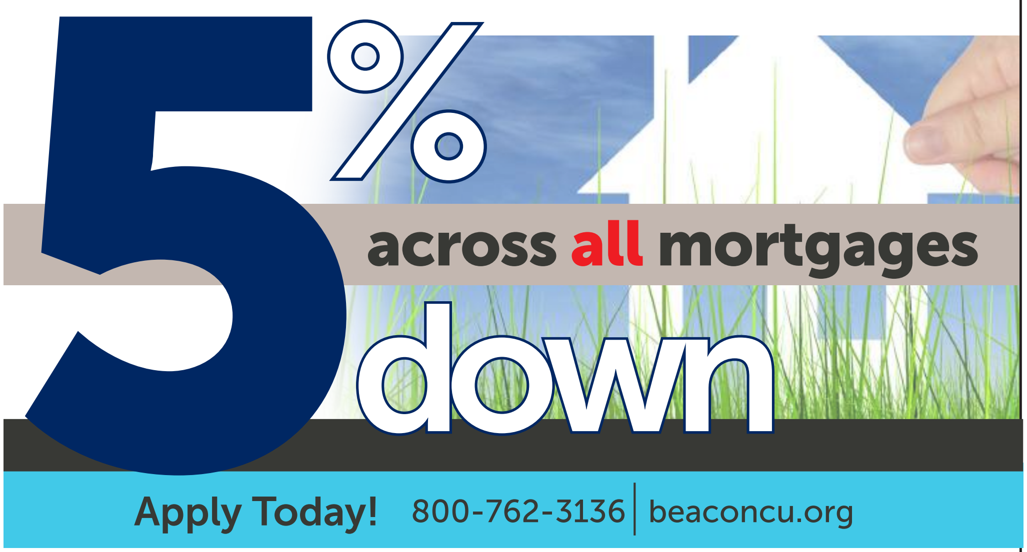
Project Spotlight
Share → Vote → Support

When does voting end? Voting begins on August 1 and ends on September 30. The top three projects/organizations in EACH community that receive the most votes will win funding amounts of $1,000, $500, and $250! That means we'll be awarding 33 local charities and community projects and giving out a total of $19,250 this fall!

How can I help my favorite charitable organization receive more votes?
Be sure to share your vote on Facebook and spread the word! You don't have to be a Beacon member to vote so tell your friends, family, co-workers, and neighbors; and together we can make a difference!

Learn more at **www.beaconcu.org/project-spotlight!**

Keep up to date on the latest Project Spotlight news by liking us on Facebook!

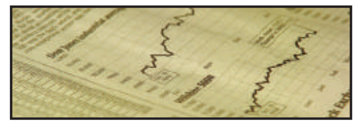


*The annual percentage rate of an Adjustable Rate Mortgage (ARM) may increase after consummation. Private mortgage insurance (PMI) qualifications must be met for less than 20% down. An example of terms of repayment for a $100,000 loan would be 240 monthly payments at $592.89. Repayment example does not include PMI. Actual payment terms may vary based on annual percentage rate, PMI and other terms and conditions.

July 2016

The Compass

RATE WATCH



SAVINGS RATES	APY
6 Month Certificate ($1,000 min.)	0.50%
1 Year Certificate ($1,000 min.)	0.60%
18 Month Certificate ($1,000 min.)	1.00%
2 Year Certificate ($1,000 min.)	1.10%
3 Year Certificate ($1,000 min.)	1.51%
4 Year Certificate ($1,000 min.)	2.01%
5 Year Certificate ($1,000 min.)	2.22%
IRA Account (18 Month Cert.)	1.00%
IRA Account (36 Month Cert.)	1.51%
IRA Account (60 Month Cert.)	2.21%
30 Month Certificate Special	1.76%

LOAN RATES	APR
Primary Resident 10 yr. fixed (20% down)	3.375%
Primary Resident 15 yr. fixed (20% down)	3.500%
Primary Resident 3 yr. ARM (30 yr. amort./20% down)	3.125%
Beacon Platinum Home Equity LOC (20% down)	4.750%
Resident 2nd Mortgage 10 yr. Fixed (20% down)	5.500%

For a complete rates listing, visit beaconcu.org.
APY is Annual Percentage Yield
APR is Annual Percentage Rate
ARM is Adjustable Rate Mortgage
Rates effective July 1, 2016
Rates Subject to Change

Beacon
CREDIT UNION
Guiding the Way

Why are we saving more and spending less?

Have our memories of the Great Recession altered our habits?

Provided by Michael D. Farner & Tiffany J. Haupert

Michael D. Farner

Tiffany J. Haupert

Consumer spending accounts for more than two-thirds of economic activity in the United States. Lately, that spending has moderated. Across the 12 months ending in March, personal spending advanced 3.4%. That matched the gain seen in 2015.[1,2]

Is a 3.4% annualized gain in personal spending adequate? Not in historical terms. During 2014, consumer spending accelerated 4.2%. The average monthly gain in consumer spending across the past 12 months (0.28%) is roughly half the historical average seen since 1959 (0.54%).[1,2]

While the personal spending rate has slumped recently, the personal savings rate has not. In March, it was at 5.4%. It has varied between 4-6% for more than three years, staying notably above the levels seen prior to the Great Recession of 2007-2009.[3]

Has consumer psychology been altered since then? That is an interesting question to consider, and it especially begs consideration, given the fact that inflation-adjusted personal spending has declined for three straight quarters.[4]

Real disposable income (that is, disposable income adjusted for inflation) has been rising without fail. It has increased for 13 straight quarters, beginning in Q1 2013 after the payroll tax cut at the end of 2012. You would think unflagging increases in real disposable income would promote greater economic expansion, but real gross domestic product grew just 1.5% in 2013 and only 2.4% in both 2014 and 2015. Those GDP levels are well below those seen in the early 2000s, not to mention the 1990s.[4,5]

When is too much frugality a bad thing? When it risks hampering economic growth. The 5.4% personal savings rate recorded in March tied a three-and-a-half-year high. As we are well into an economic recovery, it would seem only natural for Americans to spend more than they did several years ago.[4]

Perhaps people are just not ready to do that. As a Deutsche Bank research note asserted this month, the memory of the Great Recession may be too hard to erase: "The shock of the crisis likely increased the desire to hold more savings for precautionary motives."[4]

Since 2001, Gallup has consistently asked Americans a question each year: "Are you the type of person who more enjoys spending money or who more enjoys saving money?"[6]

This year, 65% of respondents said they preferred saving and 33% of respondents said they preferred spending. That gap has never been so pronounced in fifteen years of polling.[6]

As recently as 2009, just 53% of Americans told Gallup they preferred saving while 44% indicated they preferred spending. The gap has gradually widened ever since, and it is now fairly consistent across all age groups.[6]

A little more polling history seems to affirm a perception shift. In 2006, Gallup found that 51% of Americans rated their personal financial situation as "excellent/good;" in that year, 50% of Americans preferred saving to spending. Four years later, only 41% of Americans felt their personal financial situation was "excellent/good", and 62% indicated a preference for saving. This year, 50% of Americans ranked their personal finances as "excellent/good," yet 65% preferred saving dollars to spending them. "The appeal of saving over spending shows some signs of being the new normal rather than a temporary reaction to the hard times after 2008," Gallup's Jim Norman observed last month.[6]

In its latest report on personal income and outlays, the Bureau of Economic Analysis says personal incomes were up 4.2% year-over-year as of March. Consumer prices rose but 0.9% in the same span. Unimpressive wage growth aside, it would appear that many households are nicely positioned to spend.

Of course, what these two numbers do not take into account is debt: mortgage debt, student loan debt, credit card debt. The rebound in the personal savings rate surely relates to the goal of reducing such liabilities.[7,8]

The Great Recession taught America a great lesson about living within one's means. Could that lesson, as vital as it is, now be constraining the economy? As economists try to pinpoint reasons for America's slow recovery, they may want to cite the psychology of the consumer.

Mike and Tiffany may be reached at 800-762-3136 ext. 6415. or visit beaconcu.org

Citations.

1 - cnbc.com/2016/02/01/us-personal-income-dec-2015.html [2/1/16]
2 - tradingeconomics.com/united-states/personal-spending [5/22/16]
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4 - usnews.com/news/articles/2016-05-11/years-later-psychological-scars-from-great-recession-skew-spending [5/11/16]
5 - statista.com/statistics/188165/annual-gdp-growth-of-the-united-states-since-1990/ [5/12/16]
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7 - shopfloor.org/2016/04/personal-spending-remained-soft-in-march-despite-decent-income-growth/ [4/29/16]
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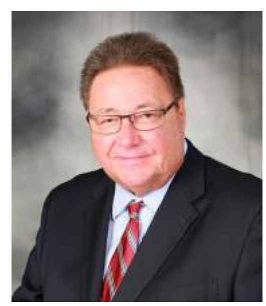
A New Twist to Estate Planning

Your estate generally includes all the things you own. Since federal estate tax is based on an estate's value at death, getting property out of your estate while you're alive can reduce your estate's tax bill.



David Van Camp
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But what if you don't expect to have a taxable estate now that the basic exemption amount has risen to $5.45 million (and will be inflation indexed going forward)? In this situation, planning for property to be included in your estate could make more tax sense.

When appreciated property passes through an estate, the new owner generally receives the property with an income-tax basis equal to the property's estate value (usually, its fair market value on the date of death). This basis "step-up" is available even if the estate is not taxable. Because of the step-up, the new owner can sell the property, if desired, and avoid capital gains tax on the increase in the property's value that occurred during the estate owner's lifetime.

Saving future capital gains tax may trump estate-tax concerns if you think your estate will be worth less than the exemption amount. But plan cautiously. The higher exemption was billed as "permanent," but the current administration's budget proposal envisions a $3.5 million exemption starting in 2018.

How to Contact Beacon Credit Union

Auburn (both locations)
(260) 925-0800
Crawfordsville
(765) 364-1023
Decatur
(260) 724-8652
Garrett
(260) 357-0400
Grissom Aeroplex
(765) 689-9181
Huntington
(260) 359-9680
Logansport (216 Mall Road)
(574) 722-2161
Logansport (1405 W. Market)
(574) 722-6395
Marion
(765) 664-9537
New Haven
(260) 493-0725
North Manchester
(260) 982-7551
Peru (N. Broadway)
(765) 472-3472
Peru (W. Main)
(765) 472-1214
Peru (Old Key)
(765) 472-1022
Plymouth
(574) 936-2150
Richmond
(765) 935-2222
Rochester (504 Main Street)
(574) 223-1504
Rochester (430 Rouch Pl. Dr.)
(574) 223-4871
Rushville
(800) 825-6703
Seymour
(812) 522-9527
Wabash (all branches)
(260) 563-7443
Warsaw
(574) 268-1276
Washington
(812) 257-8801

Department Extensions

Collections........................ ext. 2044
Beacon Inv. Services.......... ext. 6415
Beacon Trust Services....... ext. 2013
Contact Center .... "0" or "3"

Email: beaconcu@beaconcu.org
Do not include confidential information such as account numbers in email correspondence.

Send all mail inquiries to:
Beacon Credit Union
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$10,000.01 - $100,000	*.40% APY*
$100,000.01 +	*.45% APY*

* Annual Percentage Yield (APY) as of 7/20/16; subject to change. $25 minimum deposit to open.
†Per FDIC weekly national savings rate listing (7/18/16); Non-Jumbo Deposits less than $100,000.